



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**ISSUANCE OF A RESTAURANT AND LOUNGE
CONCESSION AT LIHUE AIRPORT**

KAUAI

The Department of Transportation (DOT) proposes to offer a Restaurant and Lounge Concession Agreement at the Lihue Airport on the Island of Kauai. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement (Agreement):

PURPOSE:

To award the Agreement to a qualified Concessionaire submitting the highest bid to exclusively operate the Concession at Lihue Airport.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended

LOCATION AND TAX MAP KEY:

Lihue Airport, Island of Kauai, Hawaii
4th Division – 3-5-01: Portion of 8

PREMISES:

At the Commencement of the Agreement:

1. Restaurant and Lounge (Sales) Space
 - a. Main Terminal, Terminal Level, Building 306

1. Space No. 218A, containing a total of approximately 5,177 square feet as shown on Exhibit B dated January 2007, attached hereto.
 2. Space No. 218B, containing a total of approximately 1,398 square feet as shown on Exhibit B dated January 2007, attached hereto.
2. Storage (Non-Sales) Space
 - b. Main Terminal, Apron Level, Building 306
 1. Space No. 139C, containing a total of approximately 2,389 square feet as shown on Exhibit C dated January 2007, attached hereto.
 2. Space No. 139D, containing a total of approximately 595 square feet as shown on Exhibit C dated January 2007, attached hereto.

During the Term of the Agreement:

The DOT may, at the DOT's sole discretion, require or permit the Concessionaire to add additional spaces.

If the Concessionaire requests and the DOT, at its sole discretion, agree to make available additional space over and above the spaces initially allocated under the Agreement, the Concessionaire shall pay for such additional space as follows:

- (1) floor rent equal to the square footage of such additional space multiplied by the rates and charges applicable to such additional space as established by the DOT; and
- (2) the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space shall be included in the percentage fee obligation payable by the Concessionaire under the Agreement.

If the DOT, at its sole discretion, requires the Concessionaire to take or use additional space over and above the space initially allocated under the Agreement, the Concessionaire shall not be obligated to pay floor rent for such space but shall include the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space in the percentage fee obligation payable by the Concessionaire under the Agreement.

ZONING:

State Land Use: Urban
County of Lihue: Airport

LAND STATUS:

Section 5(a), Hawaii Admission Act – “Non-ceded”
DHHL 30% entitlement lands Yes___ No X

TERM:

Ten (10) years commencing on September 1, 2007 and ending on August 31, 2017

CONCESSION FEE:

1. Annual Concession Fee. The total annual Concession Fee shall be the greater of the following:
 - a. Minimum Annual Guaranteed Fee. The minimum annual guaranteed fee for the first year of the term of this Agreement, as set forth in the Concessionaire’s Bid Proposal (hereafter the “MAG”), and for each succeeding agreement year the MAG shall be 85% of the actual annual fee paid and payable to the STATE (either MAG or percentage) for the preceding year; or
 - b. Percentage Fee. For the first year of the term of this Concession Agreement the percentage fee shall be the sum of:
 - (a) Alcoholic Beverages. Thirteen percent (13%) of the Concessionaire's annual gross receipts generated from, related or attributable to, or connected with the sale of liquor and other alcoholic beverages; and
 - (b) Restaurant, In-Flight Catering and Other. Seven and one-half percent (7.5%) of the Concessionaire’s annual gross receipts from, related or attributable to, or connected with the sales of food, beverages, catering services and other activities (excluding gross receipts from the sale of liquor and other alcoholic beverages).

- c. Succeeding years. For each succeeding year of the remaining Concession Agreement term, the percentage fee for each category shall be separately determined based on the gross receipts in the preceding agreement year of that category in accordance with Table 1 of this Article VI.A.1.b. (Percentage Fee) herein.

TABLE 1 – Annual Gross Receipts/Percentage Rate

Alcoholic Beverages

| Annual Gross Receipts | Percentage Fee |
|--------------------------------|----------------|
| Less than \$450,000.00 | 12% |
| \$450,000.00 to \$700,000.00 | 13% |
| \$700,000.01 to \$1,100,000.00 | 14% |
| More than \$1,100,000.00 | 15% |

Restaurant, In-Flight Catering and Other

| Annual Gross Receipts | Percentage Fee |
|----------------------------------|----------------|
| Less than \$1,200,000.00 | 6.5% |
| \$1,200,000.00 to \$1,500,000.00 | 7.0% |
| \$1,500,000.01 to \$1,900,000.00 | 7.5% |
| \$1,900,000.01 to \$2,400,000.00 | 8.0% |
| \$2,400,000.01 to \$3,000,000.00 | 8.5% |
| More than \$3,000,000.00 | 9.0% |

DBE GOAL:

A DBE minimum participation goal of fifteen percent (15%) will be used to meet the latest DBE regulations of the FAA, U.S. Department of Transportation.

IMPROVEMENTS:

The Concessionaire will be required to invest a minimum total of \$750,000.00 for improvements, certain trade fixtures, cash registering equipment, refrigeration equipment, display cases and shelving, at on or within the Premises of the spaces assigned under the Agreement in accordance with DOT and County building standards. No less than \$745,000.00 of the minimum total shall be allotted to the Sales Space and no less than \$5,000.00 for the Non-Sales Space. The DOT may establish separate minimum investment amounts for improvements, display cases and equipment applicable to any space added over and above the spaces initially allocated in the Agreement.

BASIS OF AWARD:

The award of this Agreement will be to the highest responsible bidder, based upon the total amount of the MAG bid for the first year of the Agreement, which has also met or exceeded the DBE goal, qualifications and requirements.

RECOMMENDATION:

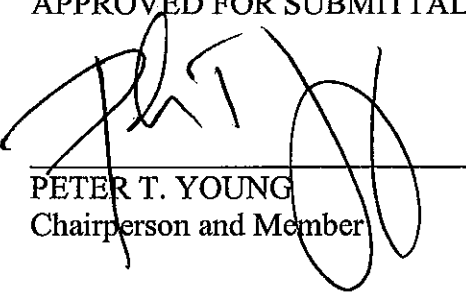
That the Board authorizes the call for sealed bid tenders and issuance of a new Restaurant and Lounge Concession subject to: (1) the terms and conditions hereinabove outlined; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; and (3) the review and approval of the Department of the Attorney General's Office as to the Concession Agreement form and consent.

Respectfully submitted,

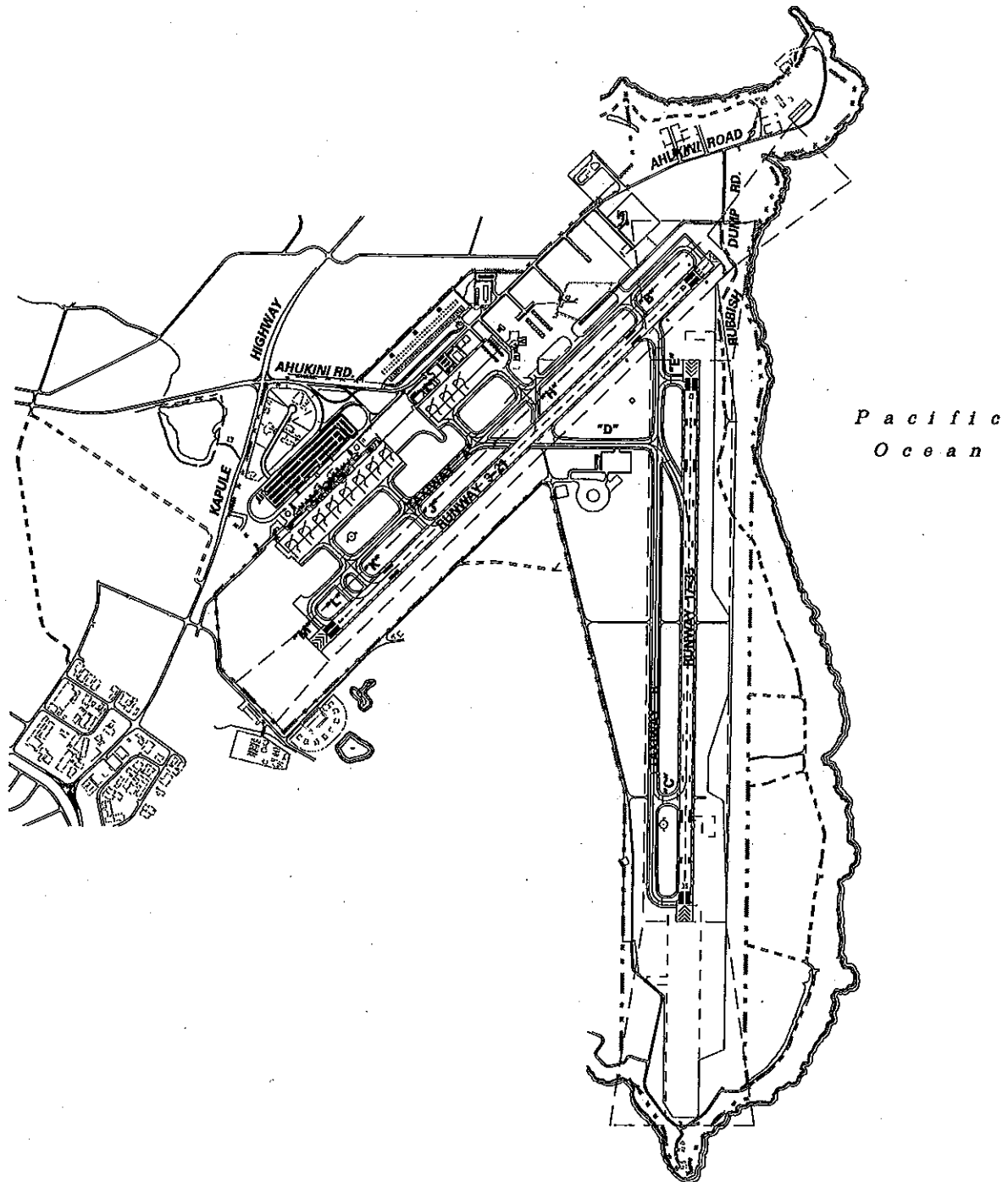


BARRY FUKUNAGA
Interim Director of Transportation

APPROVED FOR SUBMITTAL:



PETER T. YOUNG
Chairperson and Member



SCALE: 1"=2000'

DATE: JANUARY 2007

EXHIBIT: **A**

Airports Division

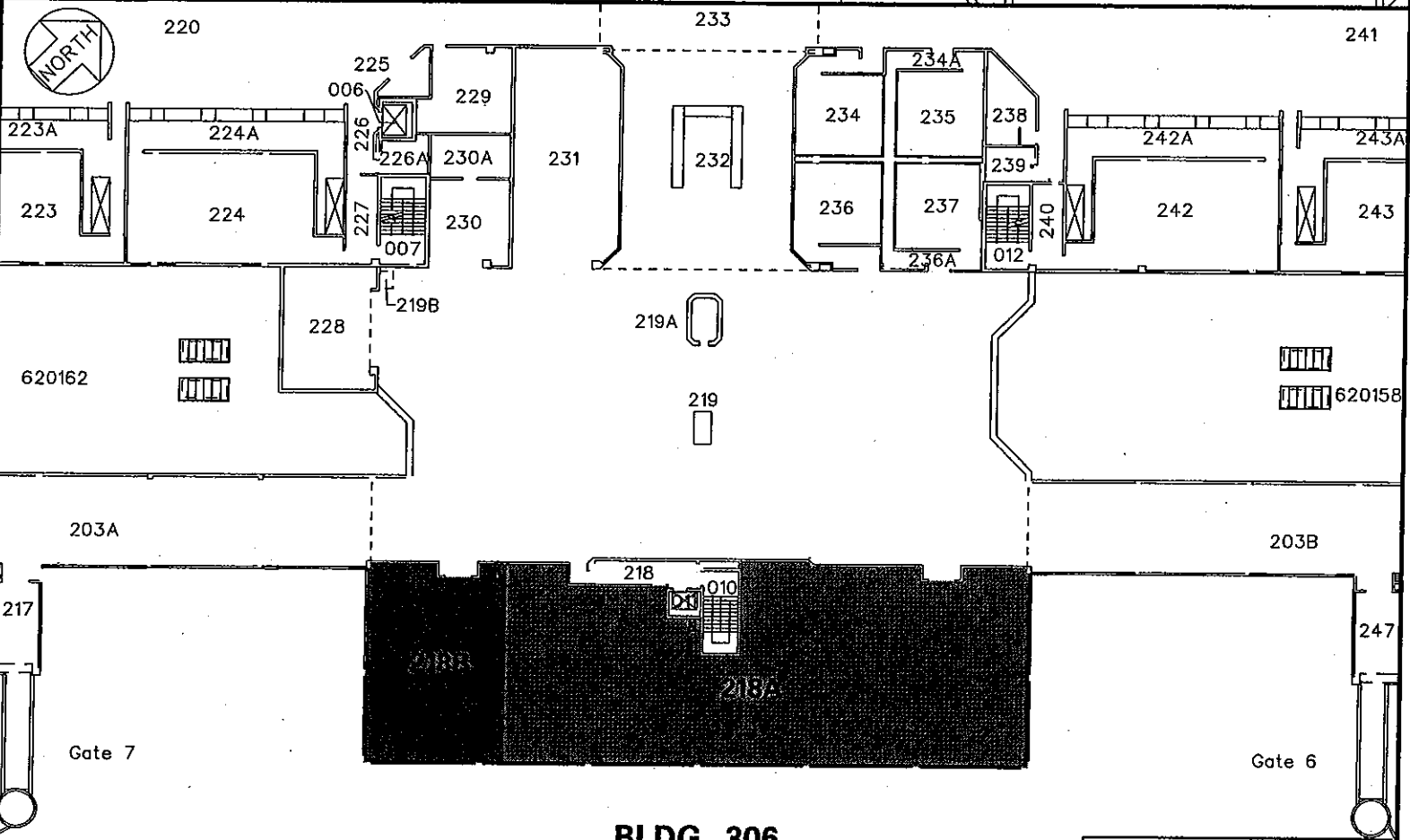
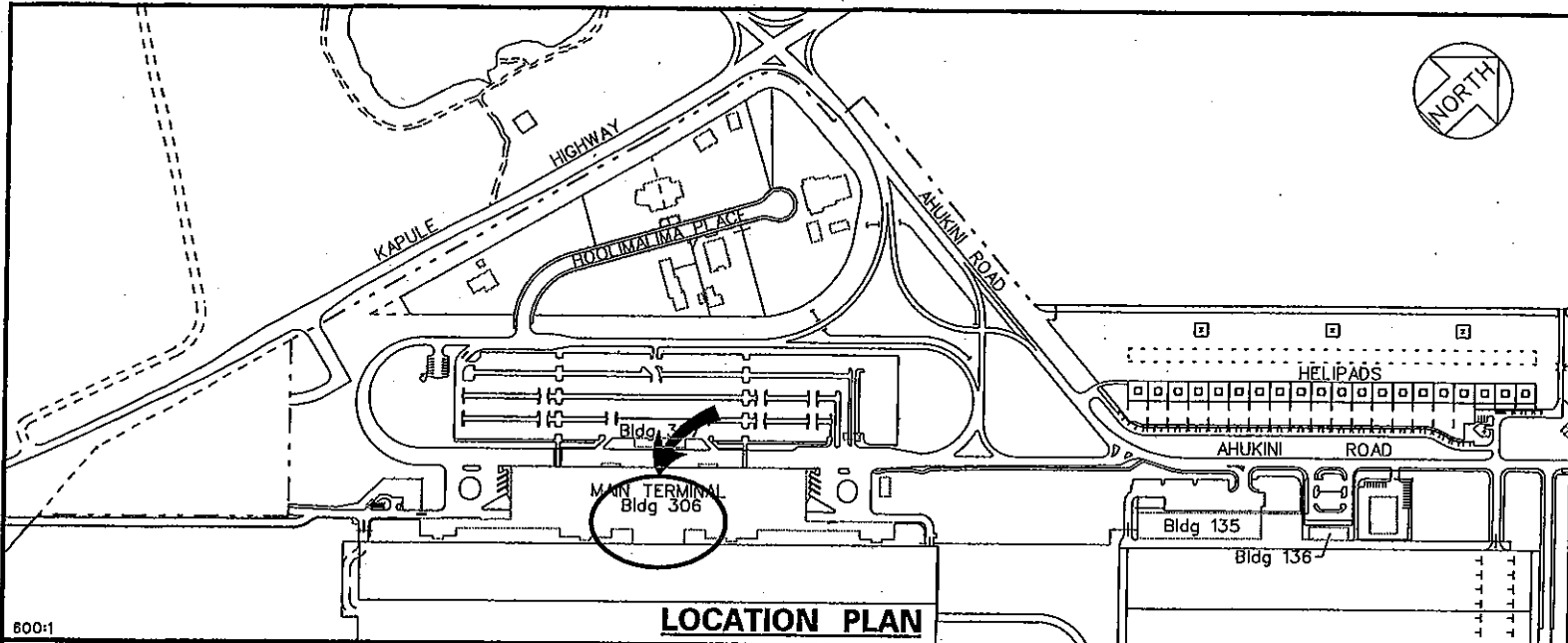
HOST
INTERNATIONAL, INC.

"AIRPORT"

PLAT 01

LIHUE AIRPORT

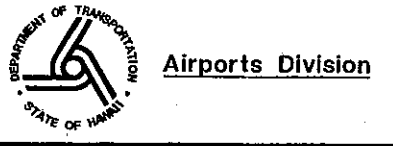
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LIHairport.dgn



| SPACE NO. | AREA SQ. FT. |
|-----------|-----------------|
| 306 218A | 5,177 |
| 306 218B | 1,398 |

DATE: JANUARY 2007

EXHIBIT: **B**



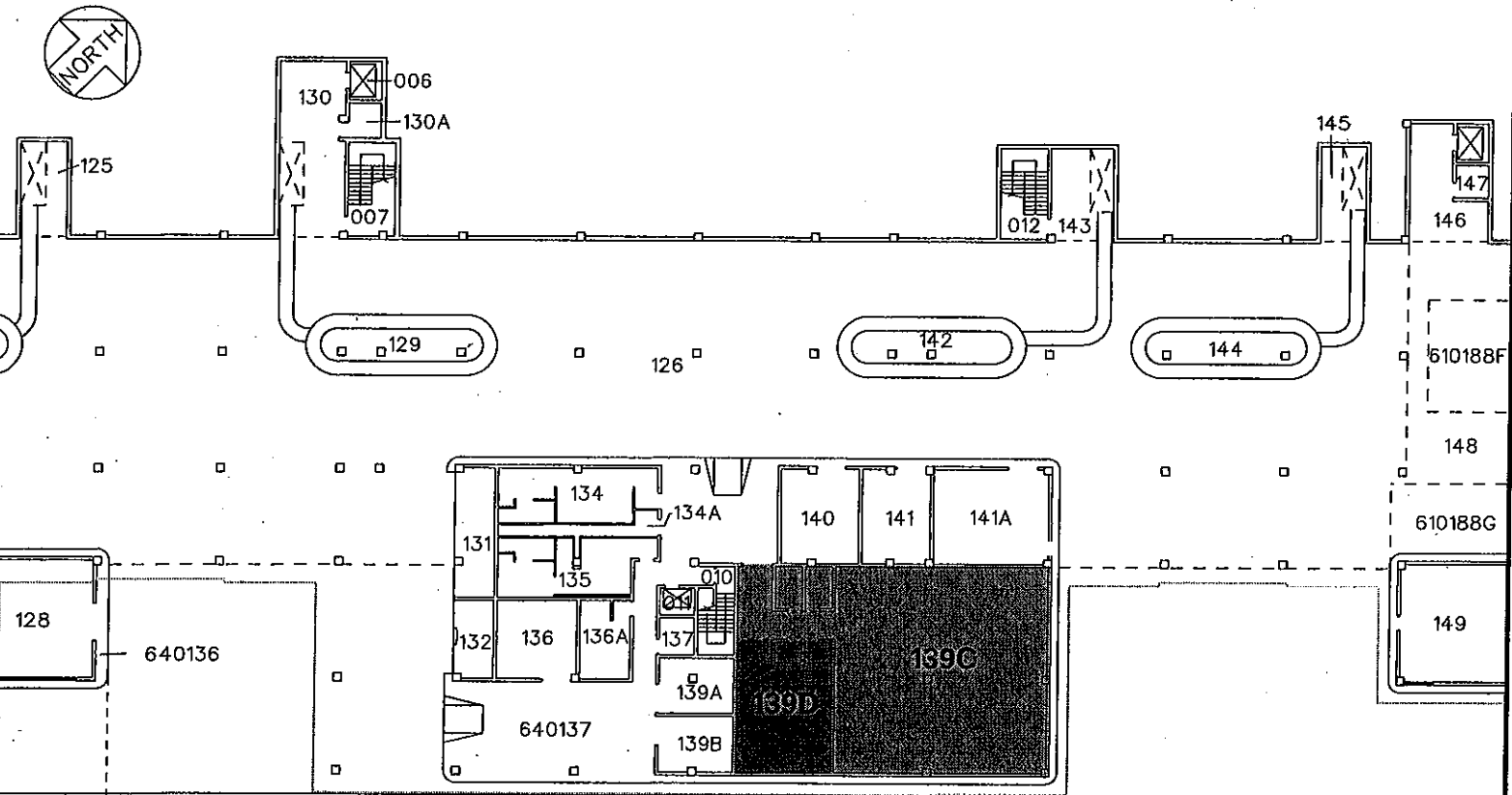
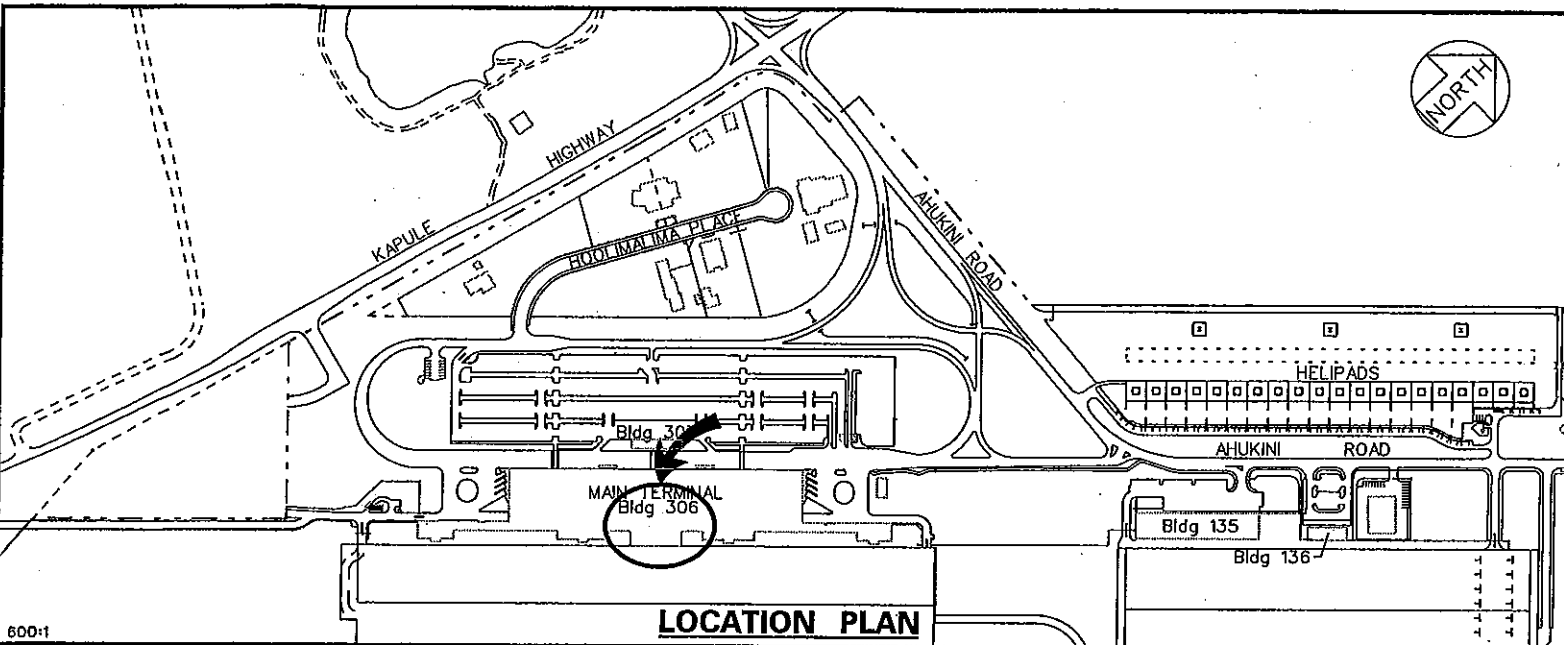
HOST
INTERNATIONAL, INC.

BLDG 306
MAIN TERMINAL
TERMINAL LEVEL

306-218A,
306-218B
PLATS C2, 45

LIHUE AIRPORT

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**BLDG 306
MAIN TERMINAL**

SCALE: 1"=40'

| SPACE NO. | AREA SQ. FT. |
|-----------|-----------------|
| 306 139C | 2,389 |
| 306 139D | 595 |

DATE: JANUARY 2007

EXHIBIT: **C**



Airports Division

**HOST
INTERNATIONAL, INC.**

**BLDG 306
MAIN TERMINAL
APRON LEVEL**

**306-139C,
306-139D
PLATS C1, 45**

LIHUE AIRPORT

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